

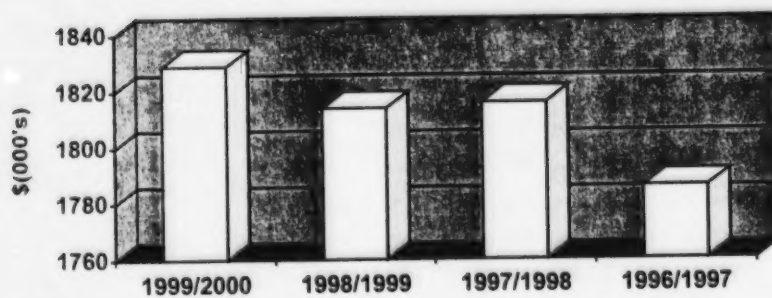


1999/2000 Annual Report

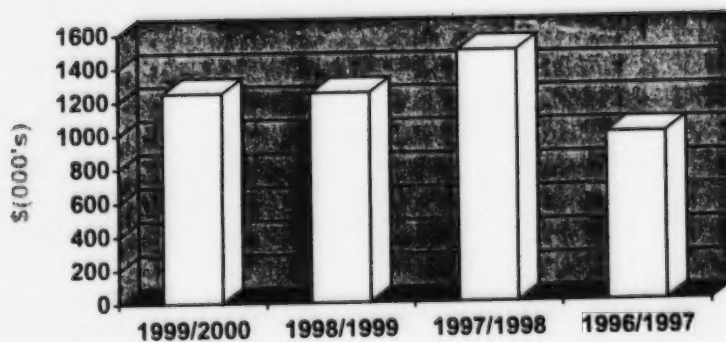


COMPANIES OFFICE HIGHLIGHTS

Net Income



Revenue Contribution





**Minister of
Consumer and Corporate Affairs**

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

The Honourable Peter Liba
Lieutenant Governor of Manitoba

May I please your Honour:

I have the privilege of presenting for the information of Your Honour, the Annual Report
of the Companies Office for the fiscal year ending March 31, 2000.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'R. Lemieux'.

Honourable Ron Lemieux
Minister
Consumer and Corporate Affairs







**Deputy Minister of
Consumer and Corporate Affairs**

Winnipeg, Manitoba, CANADA
R3C 0V8

945-3742 (phone)
945-4009 (facsimile)
dmcca@leg.gov.mb.ca (e-mail)

Minister Ron Lemieux
Consumer and Corporate Affairs

Sir:

I have the honour to submit the Annual Report for the Companies Office for your consideration. The Report summarizes the agency's activities for the fiscal year ending March 31, 2000.

The 1999/2000 fiscal year was the fourth year of operation as a Special Operating Agency for the Companies Office. The Office has once again reported a strong financial position while successfully implementing several technology initiatives.

The Companies Office continues to emphasize customer service improvement through initiatives such as Continuous Improvement and Performance Reporting.

I would like to thank the Agency's management and staff for their continued dedication and commitment to service.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Alex Morton'.

M. Alexandra Morton, Q.C.
Deputy Minister
Consumer and Corporate Affairs
and Chairperson
Companies Office Advisory Board





**COMPANIES OFFICE
1999/2000 ANNUAL REPORT
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ADVISORY BOARD MEMBERS

Chairperson:

M. Alexandra Morton, Q.C.
Deputy Minister
Consumer and Corporate Affairs

Members:

Addie Jason
Manager Corporate Records
D'Arcy & Deacon, Barristers & Solicitors

Robert Brazzell
Representative,
Manitoba Chamber of Commerce
Partner, Tupper & Adams,
Barristers & Solicitors

Lori Belza
Staff Representative
Document Examiner
Companies Office

Myron Pawlowsky
Chief Operating Officer
Companies Office

Ron Klimenko
Audit Supervisor
Workers' Compensation Board

Bob Hucal
Partner, Monk, Goodwin
Barristers and Solicitors

AGENCY MANAGEMENT

Myron Pawlowsky

Shane Lasker

Linda Kalinski

David Rudy

Joan Alty

Isabelle Aubin

Alvena Colonna

Chief Operating Officer

Acting Deputy Director - Legal

Deputy Director – Operations

Controller

Deputy Director – Legal (on
secondment to Better Systems
Initiative)

Project Manager for Better
Systems Initiative

Acting Supervisor



COMPANIES OFFICE STAFF

MARCH 2000

FOREWORD

I am pleased to present the 4th Annual Report of the Companies Office. In it, we have outlined the activities, goals and achievements of the Agency.

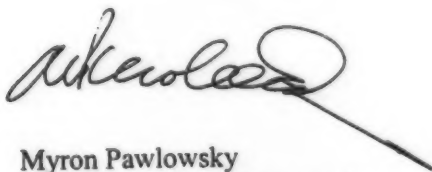
The Companies Office continues to be financially strong reporting an operating net profit of \$1,829 and a revenue contribution to the Manitoba Government of \$1,250.

Technological change was a major focus for the Office during the year. A new Point of Service (POS) system as well as the government wide financial and payroll system (SAP) were both successfully implemented during the year.

In addition, all company computer systems were tested for year 2000 compliance. Year 2000 modifications were completed in May, 1999. To date, no Y2K-related problems have occurred.

The Office continued its development of the Better Systems Initiative, a new information system designed to provide our current service more efficiently as well as provide our customers electronic access through the internet.

We look forward to our first roll out under the Better Systems Initiative in the coming year, which will provide the Companies Office the opportunity to improve customer services.



Myron Pawlowsky
Chief Operating Officer, and
Director

1.0 AGENCY PROFILE

1.1 Historical Overview

The Companies Office, formerly the Corporations Branch, was formed in 1870 as the Provincial Secretary's Office. The Office's main function is to be a public registry of information filed under The Corporations Act, The Business Names Registration Act, the Ukrainian Catholic Parishes Act and The Religious Societies' Lands Act.

The Office also reviews the names of new corporations and business name registrations. Since 1983 it has used a Canada-wide name searching system to assist in this review.

1.2 Special Operating Agency Status and Mandate

The Office became a special operating agency on April 1, 1996. The Companies Office continues to be part of Manitoba Consumer and Corporate Affairs under the general direction of the Deputy Minister, Consumer and Corporate Affairs.

1.3 Office Structure

The Office is organized into seven operational units: Accounting, Examination, Annual Returns, Business Names Clerks, Customer Service Representatives, Office Services and Secretarial Services. Through a Deputy Director and a Supervisor, they all report to the Chief Operating Officer, who is also known as the Director for statutory purposes. There are currently twenty-seven regular status staff and one term status staff within the Office.

The Office's management team consists of a Chief Operating Officer, Two Deputy Directors, a Supervisor and a Controller. The Chief Operating Officer reports to the Deputy Minister of the Department of Consumer and Corporate Affairs.

The Office's Advisory Board provides advice on its strategic operations and on changes to its mandate, structure, business practices and finances. The Board will also comment on the Office's performance through review of proposed business plans and reports

1.4 Mission

The Office's Mission Statement is as follows:

THE COMPANIES OFFICE IS THE MANITOBA REGISTRY OF BUSINESSES AND CORPORATIONS, WHERE EMPLOYEES STRIVE TO EXCEED CUSTOMERS' EXPECTATIONS THROUGH THE DELIVERY OF COST EFFECTIVE QUALITY SERVICE.

1.5 Goals

The ongoing goals of the Agency are:

- a) to deliver products and services that best satisfy the needs of the customer;
- b) to ensure accurate and quick registration of documents filed under the Acts;
- c) to ensure all legal requirements are met regarding compliance, safekeeping, and availability of information to the public;
- d) to provide customers with courteous, timely and cost-effective service; and
- e) to recover the full cost of services and maximize revenue opportunities.

1.6 Organizational Values

The mission and goals of the Companies Office are supported by the following organizational values:

Human Resources:

Belief in our staff is demonstrated by our commitment to:

- * fostering employee education and training;
- * building and encouraging staff team work, job satisfaction and morale;
- * encouraging and acknowledging activities and contributions.

Service Delivery:

Service excellence is demonstrated by our commitment to:

- * encouraging innovative ideas for continuous improvement;
- * delivering timely and concise information in a courteous manner.

Planning::

Long and short term planning is demonstrated by:

- * having clear objectives for the Office;
- * multi-year budgeting.

Technological Innovations:

The Office's belief in technology is demonstrated by:

- using current technologies, wherever possible, to meet customer needs.

1.7 Products and Services

The Office provides a variety of services pursuant to the statutes administered; it:

- a) registers or creates corporations under The Corporations Act, The Religious Societies Lands Act and The Ukrainian Catholic Parishes Act;
- b) registers proprietorships and partnerships under The Business Names Registration Act;
- c) reviews and processes documents which create and register corporations and register businesses;
- d) makes decisions as to the acceptability of names of new corporations and businesses;
- e) provides certificates about companies on file;
- f) provides a computerized data base for on-line and in-house users;
- g) provides a variety of information-related products; and
- h) makes presentations to legal and educational groups to better inform the public about statutory requirements and office services.

1.8 Markets

The Agency's markets are those seeking information and those wishing to file corporate documents. The largest client groups are the general public, the legal community and the business community.

There are several internal clients that use the services provided by the Companies Office. These include:

- * within the department, the Consumers Bureau, the Securities Commission and the Trust and Loan Corporations;
- * most other provincial government departments and many agencies;
- * the Department of Finance is the major user of on-line searching services.

Although there are other government agencies that provide registry services, there are no other organizations that provide the same business and corporate registry services in Manitoba. There are, however, similar organizations in all other provinces of Canada as well as a comparable federal agency.

In addition there are similar agencies in most States in the U.S.A. and in many other countries.

1.9 New Systems

Point of Service P.O.S.

The Companies Office was chosen to be one of the pilot projects for the implementation of Point of Service (P.O.S.) for the Manitoba Government. The Office completed testing of the new system in May and went live in June, 1999.

As a result of the pilot project the implementation of the POS system has been expanded to many other government departments. As well POS will become the financial backbone of the Better Systems Initiative.

Better Methods – SAP

The Office was part of the Government wide implementation of the SAP accounting software rolled out on April 1, 1999. As a SOA, the initial rollout for the Office only included Procurement and Human Resources.

Better Systems Initiative – BSI

The Better Systems Initiative is now expected to be delivered in two releases:

- Release 1, projected for late 2000/2001, will encompass electronic ordering and name reservations, and a new system to replace the Agency's legacy system.
- Release 2, projected to occur 12 to 18 months later, will allow for electronic filings by the public.

1.10. Joint Registry Service Initiatives

The Property Registry, Companies Office and Vital Statistics Agency form part of a Registries Committee that promotes enhanced customer service by providing service initiatives between the three Special Operating Agencies. The Agencies have undertaken several initiatives, including:

- Implementation of the Land Titles Office/Vital Statistics initiative which permits customers to use any Land Titles Office to submit applications and remit payment to Vital Statistics. In addition the Brandon Land Titles Office has piloted a program that provides a marriage licensing service at that office for clients of Vital Statistics.
- The Companies Office is providing information from Vital Statistics concerning registering clergy when a religious denomination is registering at Companies Office.
- The Property Registry and Companies office have initiated a joint project to collect client e-mail and fax addresses to facilitate client communication. The two Agencies are also working on improving public signage in the Woodsworth building to assist clients in locating the services that are offered by the Land Titles Office, Personal Property Registry and Companies Office.
- The Property Registry and Companies Office have introduced revised practice procedures that permit Land Titles Office examiners to access Companies Office records to establish registration requirements for transactions within the Land Titles Office, without requiring proof of registration in Companies Office from the client .

1.11 Companies Office System (COS) – Year 2000 Requirements

The Companies Office System (COS) is a mainframe application. In October 1998, Companies Office staff, together with IBM began analysing the system to determine the issues surrounding year 2000. Test scripts were developed to ensure that consistent, repeatable test processes could be utilized in the various test cycles. All business critical systems and functions were tested successfully to ensure they continue to perform as required before the year 2000, during the century rollover, and beyond year 2000. As a result, the Companies Office System Year 2000 modifications were implemented in May, 1999. To date no problems have been encountered as a result of Y2K.

2.0 PERFORMANCE INDICATORS & OPERATING GOALS

2.1 Performance Review

During the fiscal year 1999/2000, Agency staff responded to 228,157 requests for service compared to 218,693 requests last year. This included document filings, phone inquiries and in-person searches of files as outlined in the chart below.

Comparative Operating Statistics

	1999/2000	1998/1999	1997/1998
New Incorporations	3,239	3,333	3,166
Amendments	859	878	817
New Registrations – Non Manitoba Corporations	628	609	603
Business Name Registrations	7,104	6,974	7,256
Personal Counter Searches of Corporate and Business Files	12,636	13,323	15,424
Name Reservations Requests	15,368	15,274	14,826
Annual Returns Processed	44,029	44,995	43,852
Telephone Inquiries	68,024	61,353	61,480
Customers Served at Counter	30,912	32,956	31,972
Active Corporate and Business Name Records	91,974	90,944	88,905

Interested clients also accessed the Agency's file information from computer terminals outside the Companies Office seven days a week. Public use of this service increased over the previous year with 832,334 inquiry transactions in 1999/2000 compared to 764,563 during 1998/1999. This service is convenient for clients as it is quicker and easier than attending the office.

The first level of appeals from name registration decisions is to the Director of the Agency. During the fiscal year there were 57 objections to both registered and unregistered names, down from 68 the previous year. A significant number of the objections related to unincorporated or unregistered names doing business in the province.

2.2 PERFORMANCE INDICATORS

In its 1999/2000 Business Plan, The Office formulated a number of performance indicators by which it could be evaluated. The following table lists the goals, performance indicators and the results:

COMPANIES OFFICE BALANCED SCORECARD PERFORMANCE FRAMEWORK						
1) FINANCIAL: (to succeed financially, we need to achieve)						
OBJECTIVES	CRITICAL SUCCESS FACTORS (things that have to go right to achieve the objective)	PERFORMANCE MEASURES (indicators to gauge success)	BASELINE Mar. 31/97	PERFORMANCE TARGETS (goals based on measures) Mar. 31/2000	RESULTS - March 31, 2000	EXPLANATION
operate as a financially sound SOA	possess assets to facilitate business development	profit revenue contribution	Three Year Average \$1809	\$1387	\$1829	
			\$1000	\$1250	\$1250	

2) CUSTOMERS, (to achieve our vision, how should we appear to our customer)						
OBJECTIVES	CRITICAL SUCCESS FACTORS (things that have to go right to reach the objective)	PERFORMANCE MEASURES (indicators to gauge success)	BASELINE Mar. 31/97	PERFORMANCE TARGETS (goals based on measures) Mar. 31/2000	RESULTS - March 31/2000	EXPLANATION
exceed customers' expectations by providing quality service	provide service which: -anticipates customers needs -takes initiative to address customers needs -is friendly, professional, and courteous	% of "Tell Us How We Are Doing" forms which indicate excellent service, (Q1, (a) & (b))	74%	85%	75.18% (92.2 good and excellent)	appears difficult to achieve excellent results but when "good" results are included, the target is exceeded. New survey has been changed to better target where improvements can be made. New survey will be implemented April 1, 2000.
	provide new customer service and products	ongoing development of new product or service	4 -credit payments -interactive telephone/ voice mail -screen 03 -flexible hours	one	new courier service implemented Aug. 1/99	
provide service in a pleasant organized atmosphere	-low noise level -customers' view does not include piles of files, messy desks, clutter -well lit and clean -functional signs	% of "Tell Us How We're Doing" forms that rate the pleasantness and organization of the office as good/excellent (Q2)	55%	85%	76.06%	customers did not appreciate reduced counter space as a result of POS implementation. Companies Office will look into how it can provide more workspace for the customers. Layout of the office will be reviewed with BSI. This will result in a more pleasant environment.

3) BUSINESS PROCESSES (To satisfy our customers, what business processes must we excel at)						
OBJECTIVES	CRITICAL SUCCESS FACTORS (things that have to go right to reach the objective)	PERFORMANCE MEASURES (indicators to gauge success)	BASELINE Mar. 31/97	PERFORMANCE TARGETS (goals based on measures) Mar. 31/2000	RESULTS – March 31, 2000	Explanation
to process customer service request in an efficient and effective manner	employ strategies that will decrease cycle time	cycle time for: -processing business documents -corporate documents -annual returns	(6 month baseline, as of Sept/97) files processed and documents available to customer: a) business name registrations: 3 working days b) incorporations: 3 working days c) annual returns: 12 working days	a) BNR – 3 days b) Corp – 3 days c) AR – 9 days	a) BNR – 3.92 days b) Corp. – 3.76 days c) AR – 8.36 days	Staffing issues: Extended sick leave of staff in the affected areas. Will have additional staff allocated to these areas on a "Acting Status" basis to ensure service standards.
to provide information by telephone in a quality manner	review and improve the Interactive Voice Response (IVR) telephone system	% of customers surveyed that rate the IVR as good or excellent (Tell Us How We're Doing – Telephone Service forms, Q2)	74% (Baseline determined based on 1997/1998 year)	80%	70.97%	Companies Office reviewed the IVR System to make it more user friendly. Changes should be implemented in the new year. - streamline the introduction to the system - clarified the toll free number - added website address - amended the IVR options.

	provide personal telephone services that were: 1) courteous and friendly 2) provided by knowledgeable and competent staff 3) responsive to your needs	% of customers surveyed that rate personal telephone services as excellent	(baseline determined based on 1997/1998 year)			
			60%	80%	64.06 (96% good and excellent)	There are new personnel on the phones as a result of the BSI secondments.
			64%	80%	65% (96% good and excellent)	When you include "good" results all targets are exceeded.
			54%	80%	70.40 (96% good and excellent)	Companies Office is in process of training the new telephone operators.
						Telephone staff will be sent on a course to improve their communication skills.

4) LEARNING AND GROWTH: (to achieve our vision, how will we sustain our ability to change and improve)						
OBJECTIVES	CRITICAL SUCCESS FACTORS: (things that have to go right to achieve the objective)	PERFORMANCE MEASURES (indicators to gauge success factors)	BASELINE Mar. 31/97	PERFORMANCE TARGETS (goals based on Mar. 31/2000)	RESULTS - March 31/2000	Explanation
to have a well trained, knowledgeable staff	implement a human resource development plan with individual and corporate development plans	% employees attending training	-/96/97 goal 50% of staff, actual was 76%, attended one course	80% of staff attended one course, one day in length, and of direct benefit to the Office	46%	Staff are feeling overwhelmed with their workloads and find it difficult to take the time to attend a course. As well, there are many new staff in the office. We don't anticipate that this will change until BSI secondments cease and the office routine returns to normal.
			all staff attended 2 in-house training courses	all staff attend 4 in-house training sessions	Two • professional incorporation • non-profit activities	
to have a motivated staff	implement a reward and recognition program tied to SOA goals	% of staff contributing to BEST and SOA goals	76%	80% of staff receive certificate of recognition confirming involvement of BEST Committee or SOA goals	87%	
	operation of the Fun Committee	events that contribute to staff morale	5 events	4 events with at least 60% participation	13 events	

to have a staff with a demonstrated ability to effect change	maintaining a work environment that encourages suggestions for improvement and uses them to effect change	number of staff suggestions that are revenue enhancing, money saving or improvements to customer service that are implemented	26 suggestions, 9 of which were implemented	30 suggestions, 10 of which are implemented	22 staff suggestions, 8 of which were implemented.	
to have a system that enables office to stay "cutting edge" in service improvement	The BEST Committee (the Office's continuous improvement leadership effectively: a) monitors customers' input, and b) resolves issues, to improve service	% of identified issues resolved and/or solutions implemented	100%	100%	100%	
to have a comfortable working environment	-functional work stations -low noise level -well lit, clean office	Service improvement - See performance indicator #2 - "Customers - exceed customers expectations by providing quality service"			73%	
		% of staff surveyed who view working environment as good or excellent	34%	70%		

2.3 OPERATING GOALS

Goal	Second Quarterly Report Results
1. Focus on implementation of new computer system and processes.	Management had several meetings with BSI Team. New processes were reviewed and discussed. The build team has started and the management and staff have seen the first prototype on Name Reservations and Business Registration.
2. Explore the possibility of offering one standard name search.	Decision was made to offer one name search product, where federal and trademark filings are included. Implementation to be in 2000/2001.
3. Explore the possibility of customers filing up to three proposed names on one request.	Based on potential cost of multiple NUANS reports causing the cost of name reservations to increase substantially, it was decided to retain one name pcr request. Companies Office system will have a pre-search feature on the internet.
4. Develop common signage to the registries.	New signage posted.
5. Attend one Business Forum.	Attended one entrepreneur workshop at Red River Community College to promote Companies Office.
6. Hold at least one client impact meeting.	Five focus groups were held from April 26 – 30, 1999. There were two in Brandon and three in Winnipeg.
7. Upgrade skills of staff. 8. Rewrite position descriptions. 9. Review classifications.	Work not commenced yet. Activities will proceed with the progress of the Better Systems Initiative.
10. Maintain Performance Framework Reporting.	Maintained
11. Maintain Continuous Improvement Initiative.	12 B.E.S.T. meetings held, where the following were reviewed: - 69 Tell Us How We're Doing – in Person surveys reviewed. - 146 Tell Us How We're Doing –

	Telephone surveys reviewed. - 22 staff suggestions reviewed. 8 implemented. - 16 Beef and Bouquet forms. - Staff survey review was completed. - Spiffing Up The Office 1999/2000 Plan received. - Fun Committee Events continued. - Office Wellness Committee struck. - Reward and Recognition Reception – May 31, 1999. - Strategic Planning for the following two years conducted. - Review of roles of B.E.S.T. Committee for new members. - Task Committee is reviewing IVR service. - Due to illness and significant staff changeover, B.E.S.T. has reduced its frequency of meetings. The Committee is reducing its scope to respond to the limited Committee resources.
12. To continue implementation of the new computer environment. - review layout of office.	Work not commenced yet. Activities will proceed with the progress of the Better Systems Initiative. Work to commence during 2000/2001.
13. Contribute minimum of \$1250.0 to Government.	\$1250.0 contributed as of March 31, 2000.

3.0 FINANCIAL RESULTS

3.1 Introduction

The Companies Office reported a net income from Operations of \$1,829 for the year ending March 31, 2000, an increase of \$441 over budget and a \$75 increase over last year.

3.2 Summary of Overall Financial Results

COMPANIES OFFICE 1999/2000 FINANCIAL SUMMARY (in thousands)

	Actual 1999/2000	Budget 1999/2000	Over (under) Budget	Actual 1998/99	Over (under) 1998/99
Total Net Revenue	3,636	3,265	371	3,499	137
Salaries & Benefits	1,195	1,214	(19)	1,125	70
Operating Expenses	605	647	(42)	529	76
Amortization	7	16	(9)	12	(5)
Total Expenses	1,807	1,877	(70)	1,685	122
Net Earnings	1,829	1,388	441	1,814	15
Revenue Contribution	1,250	1,250	-	1,250	-

3.3 Revenue

Total net revenue for year ended March 31, 2000 was \$3,636 or \$371 higher than budget and \$137 higher than a year ago. Increased filings and interest income account for the increase compared to budget.

A breakdown of the gross revenues for the period is outlined in Appendix A.

3.4 Expenses

The following is an explanation of significant variances to budget and last year.

1. Actual to Last Year

- a) Salaries have increased over last year as a result of:

- rate increase and elimination of reduced work week days as per Collective Agreement.
 - merit increases
 - staff member on maternity leave
- b) Operating expenses have increased from \$529 to \$605. The increase is primarily due to desktop cost of \$42 which were not present last year. Also, NUANS costs have increased \$45 as a result of a rate increase.

2. Actual to Budget

- a) Salaries and Benefit costs are down from budget as a result of the back filling of many positions resulting from the seconding of three staff members to BSI.
- b) Operating costs are lower than budgeted as a result of:
- desktop costs are lower. The budget anticipated additional computers resulting from implementation of BSI. BSI has been delayed and correspondingly the computer purchases have been delayed.
 - rent charges are lower than budget by \$12.

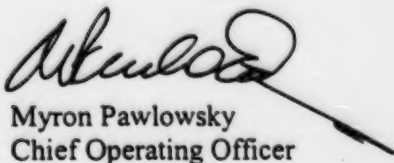
RESPONSIBILITY FOR FINANCIAL REPORTING

The Agency's management is responsible for preparing the financial statements and other financial information in the Annual Report. This responsibility includes maintaining the integrity and objectivity of financial data and the presentation of the Agency's financial position and results of operations in accordance with generally accepted accounting principles. The financial statements include amounts that are based on management's best estimates and judgements. The Agency's financial statements have been audited by Magnus & Buffie, independent external auditors.

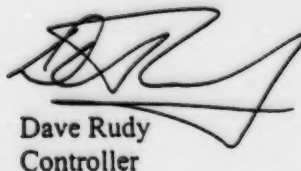
The Agency maintains a system of internal controls throughout its operation that provides reasonable assurance that transactions are authorized properly recorded and reported, and that assets are safeguarded.

The Advisory Board meets regularly with management to review accounting practices, financial reporting and to discuss audit results. The auditors have free and full access to this Board, if required to discuss the results of their audit and their views on the adequacy of internal controls and the quality of financial reporting.

On Behalf of Management;



Myron Pawlowsky
Chief Operating Officer



Dave Rudy
Controller

MAGNUS & BUFFIE

CHARTERED ACCOUNTANTS

906 - 386 Broadway, Winnipeg, Manitoba, Canada R3C 3R6

Telephone (204) 942-4441

Fax (204) 944-0400

AUDITORS' REPORT

To the Special Operating Agencies Financing Authority

We have audited the balance sheet of the Companies Office, an Agency of the Special Operating Agencies Financing Authority, Province of Manitoba as at March 31, 2000, and the statements of earnings and retained earnings and cash flow for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2000 and results of its operations and cash flow for the year then ended in accordance with generally accepted accounting principles.

Magnus & Buffie

Chartered Accountants

May 10, 2000

COMPANIES OFFICE
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

BALANCE SHEET

(in thousands)

March 31, 2000

2000

1999

ASSETS

CURRENT ASSETS

Cash and Short Term Deposits
Accounts Receivable (Note 4)
Prepays

\$ 2,505	\$ 2,188
102	59
<u>14</u>	<u>14</u>
2,621	2,261

RECEIVABLE FROM PROVINCE OF MANITOBA
(Note 5)

262	262
-----	-----

CAPITAL ASSETS (Notes 2 and 6)

<u>18</u>	<u>25</u>
\$ <u>2,901</u>	\$ <u>2,548</u>

LIABILITIES

CURRENT LIABILITIES

Accounts Payable and Accrued
Accrued Vacation Entitlements

\$ 88	\$ 407
<u>123</u>	<u>117</u>
211	524

LONG TERM LIABILITIES

Accrued Pension Liability (Note 7)
Severance Pay Liability (Note 8)

240	166
<u>204</u>	<u>191</u>
<u>444</u>	<u>357</u>
655	881

EQUITY

RETAINED EARNINGS

<u>2,246</u>	<u>1,667</u>
\$ <u>2,901</u>	\$ <u>2,548</u>

COMPANIES OFFICE
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

STATEMENT OF EARNINGS AND RETAINED EARNINGS

(in thousands)

Year ended March 31, 2000	2000	1999
REVENUE		
Fees and Services	\$ 3,814	\$ 3,711
Less: Gazette Advertising	<u>(268)</u>	<u>(272)</u>
	3,546	3,439
Interest	<u>90</u>	<u>60</u>
	3,636	3,499
EXPENSES		
Salaries and Employee Benefits	1,195	1,125
Operating Expenses (Schedule 1)	605	529
Amortization - Capital Assets	7	12
Loss on Disposal of Capital Assets	<u>19</u>	<u>19</u>
	<u>1,807</u>	<u>1,685</u>
NET EARNINGS FOR THE YEAR	1,829	1,814
RETAINED EARNINGS, beginning of year	<u>1,667</u>	<u>1,103</u>
	3,496	2,917
REVENUE SHARE TO PROVINCE OF MANITOBA	<u>1,250</u>	<u>1,250</u>
RETAINED EARNINGS, end of year	<u>\$ 2,246</u>	<u>\$ 1,667</u>

COMPANIES OFFICE
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

STATEMENT OF CASH FLOW
(in thousands)

Year Ended March 31, 2000	2000	1999
CASH FLOW FROM (USED IN):		
OPERATING ACTIVITIES		
Net Earnings For The Year	\$ 1,829	\$ 1,814
Adjustments For		
Amortization - Capital Assets	7	12
Pension Expense	74	65
Severance Pay Expense	<u>13</u>	<u>20</u>
	1,923	1,911
Net Change in Non-Cash Working Capital Items (Note 9)	<u>(356)</u>	<u>457</u>
	1,567	2,368
INVESTING ACTIVITIES		
Acquisition of Capital Assets		(3)
Book Value of Capital Assets Disposed	<u> </u>	<u>20</u>
		17
FINANCING ACTIVITY		
Revenue Share to Province of Manitoba	<u>(1,250)</u>	<u>(1,250)</u>
CHANGE IN CASH AND SHORT TERM DEPOSITS	317	1,135
CASH AND SHORT TERM DEPOSITS, beginning of year	<u>2,188</u>	<u>1,053</u>
CASH AND SHORT TERM DEPOSITS, end of year	<u>\$ 2,505</u>	<u>\$ 2,188</u>

NOTES TO FINANCIAL STATEMENTS
(in thousands)
March 31, 2000

Effective April 1, 1996, the Lieutenant Governor in Council designated the Companies Office as a special operating agency under The Special Operating Agencies Financing Authority Act (C.C.S.M. cS185) by Order in Council. Another Order also gave approval to the Special Operating Agencies Financing Authority (SOAFA) and the Minister of Consumer and Corporate Affairs, being the Minister responsible for the Agency, to enter into a management agreement with respect to the Agency. The management agreement assigns responsibility to the Agency to manage and account for the Agency related assets and operations on behalf of SOAFA. SOAFA has the mandate to hold and acquire assets required for and resulting from Agency operations. This financial framework enables the Agency to operate in a business like manner according to public policy expectations.

The Companies Office continues to be part of Manitoba Consumer and Corporate Affairs under the general direction of the Minister, Consumer and Corporate Affairs, and the Deputy Minister who is also Chairperson of the Companies Office Advisory Board.

The Agency remains bound by relevant legislation and regulation. It is also bound by administrative policy except where specific exemptions have been provided for in its charter in order to meet business objectives.

Basis of Reporting: The financial statements have been prepared in accordance with generally accepted accounting principles.

Capital Assets: Capital assets are amortized over their estimated lives as follows:

- | | |
|-----------------------------------|---|
| - Computer Equipment and Software | 20% straight-line
(10% in year of acquisition) |
| - Office Equipment | 20% straight-line
(10% in year of acquisition) |
| - Furniture and Fixtures | 20% straight-line
(10% in year of acquisition) |

COMPANIES OFFICE
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

NOTES TO FINANCIAL STATEMENTS

(in thousands)

March 31, 2000

3. FINANCING ARRANGEMENTS

Working capital advances and long-term financing for significant capital purchases are provided to the Agency through the Special Operating Agencies Financing Authority. The Financing Authority has approved a \$100 limit in working capital advances. The Agency did not access working capital advances during the year.

4. ACCOUNTS RECEIVABLE

	2000	1999
Trade	\$ 15	\$ 10
Accrued Revenue	<u>87</u>	<u>49</u>
	<u>\$ 102</u>	<u>\$ 59</u>

5. RECEIVABLE FROM PROVINCE OF MANITOBA

The receivable from the Province of Manitoba is for vacation entitlements earned by the employees of the Agency prior to creation of the Special Operating Agency and severance pay benefits prior to April 1, 1998. The balance is comprised of:

	2000	1999
Vacation Entitlements	\$ 92	\$ 92
Severance Pay Benefits	<u>170</u>	<u>170</u>
	<u>\$ 262</u>	<u>\$ 262</u>

6. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2000</u>	<u>1999</u>
Computer Equipment and Software	\$ 27	\$ 13	\$ 14	\$ 19
Office Equipment	6	3	3	4
Furniture and Fixtures	<u>3</u>	<u>2</u>	<u>1</u>	<u>2</u>
	<u>\$ 36</u>	<u>\$ 18</u>	<u>\$ 18</u>	<u>\$ 25</u>

COMPANIES OFFICE
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

NOTES TO FINANCIAL STATEMENTS

(in thousands)

March 31, 2000

7. ACCRUED PENSION LIABILITY

Employees of the Agency are eligible for pension benefits in accordance with provisions of The Civil Service Superannuation Act. In accordance with an agreement with the Province of Manitoba, Special Operating Agencies (SOA's) are only responsible for pension liability incurred for their employees from the date of designation as an SOA. The methodology for calculating the liability has been determined in conjunction with the Province, which accepts responsibility for pension liability for prior service as well as for any variance resulting from the calculation.

8. SEVERANCE PAY LIABILITY

Effective April 1, 1998, the Agency is recording accumulated severance pay benefits for its employees. Severance pay is determined by multiplying years of service, to a maximum of fifteen years, by the weekly salary at date of retirement, provided the employee reaches nine years of service and retires from the Agency. The estimate is based upon the method of calculation set by the Province of Manitoba.

The Province has accepted responsibility for the severance benefits accumulated by the Agency's employees to March 31, 1998. Accordingly, the opening severance pay liability balance as at April 1, 1998 of \$170 was completely offset by a receivable from the Province. There are no terms of repayment for this receivable and the amount will remain fixed at \$170.

9. STATEMENT OF CASH FLOW

Net change in non-cash working capital items is comprised as follows:

	2000	1999
Accounts Receivable	\$ (43)	\$ 88
Prepays		2
Accounts Payable and Accrued	(319)	355
Accrued Vacation Entitlements	<u>6</u>	<u>12</u>
	<u>\$ (356)</u>	<u>\$ 457</u>

**COMPANIES OFFICE
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA**

NOTES TO FINANCIAL STATEMENTS

(in thousands)

March 31, 2000

10. LEASE COMMITMENT

The Agency has not entered into a lease agreement with the Province of Manitoba for rental of facilities at 405 Broadway. Occupancy charges for the year ending March 31, 2001 are estimated to be \$112 (2000 - \$114).

11. YEAR 2000 COMPLIANCE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

COMPANIES OFFICE
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

SCHEDULE OF OPERATING EXPENSES

(in thousands)

Year ended March 31, 2000

2000

1999

Accounting	\$ 3	\$ 1
Audit	4	4
Bad Debts	1	2
Bank Charges	4	5
Communications	27	26
Computer	86	74
Department Services	12	19
Desktop	52	10
Equipment Maintenance and Rentals	9	11
Insurance	11	11
Legal Services	2	7
Miscellaneous	9	9
NUANS	158	133
Office Rent	114	117
Payroll Processing	3	1
Postal and Courier	42	42
Programmers	23	14
Stationery	40	40
Transportation	5	3
	<u>\$ 605</u>	<u>\$ 529</u>

**COMPANIES OFFICE
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA**

SCHEDULE OF PUBLIC SECTOR COMPENSATION DISCLOSURE

(in thousands)

Year ended March 31, 2000

The Public Sector Compensation Disclosure Act requires all publicly funded bodies to disclose compensation to any employee or board member when such compensation exceeds \$50,000 per annum. This information follows:

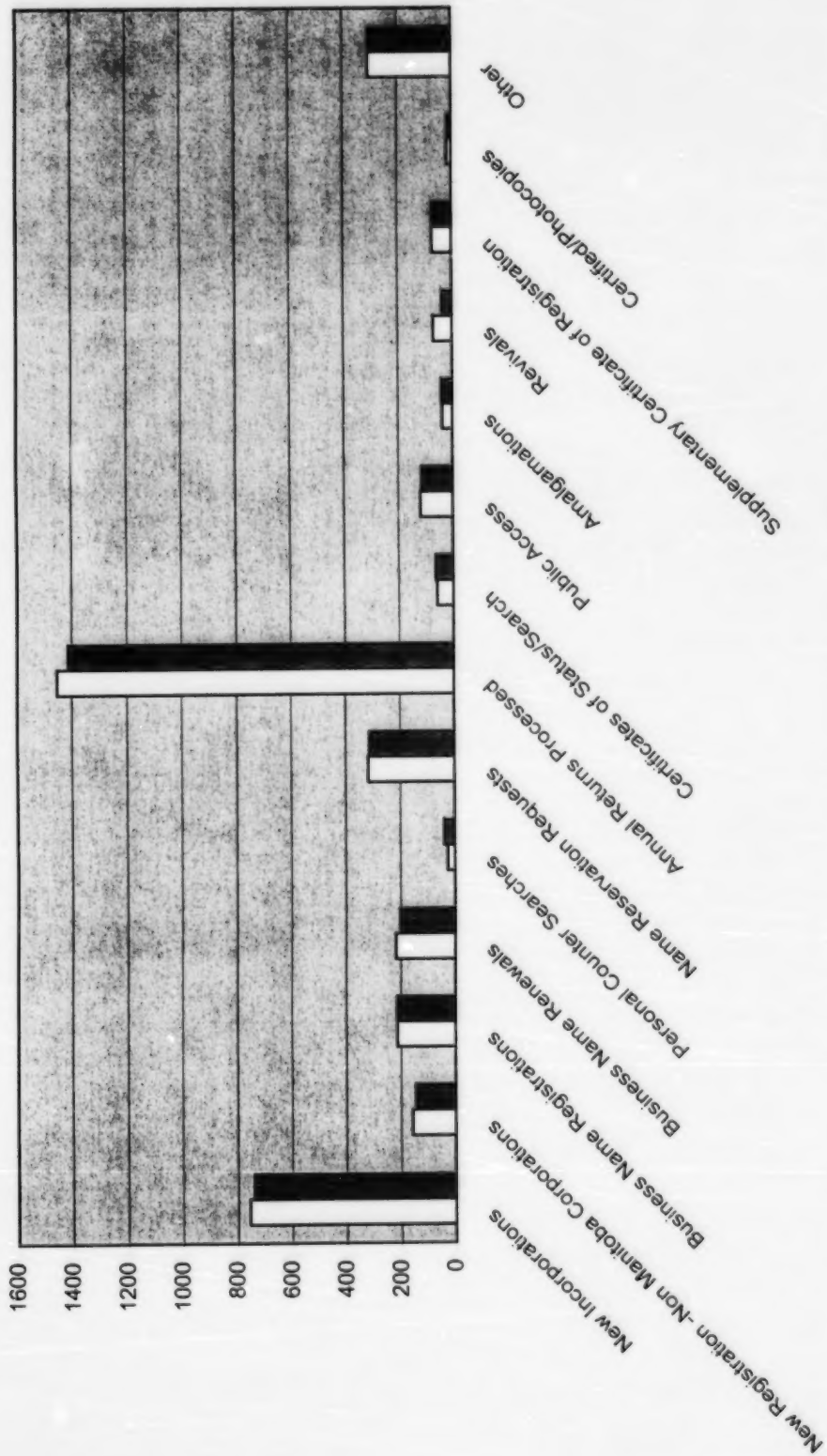
EMPLOYEE	TITLE	COMPENSATION	
		2000	1999
Myron Pawlowsky	Chief Operating Officer	\$74	\$71
Joan Alty	Deputy Director - Legal	52	56
Shane Lasker	Acting Deputy Director - Legal	53	

Comanies Office
Revenue By Activity

Appendix A

	1999/2000 Actual	1998/1999 Actual
New Incorporations	754	738
New Registration -Non Manitoba Corporations	157	146
Business Name Registrations	213	214
Business Name Renewals	217	201
Personal Counter Searches	26	39
Name Reservation Requests	317	312
Annual Returns Processed	1453	1413
Certificates of Status/Search	59	64
Public Access	118	114
Amalgamations	37	40
Revivals	69	37
Supplementary Certificate of Registration	72	72
Certified/Photocopies	16	14
Other	306	307
GROSS REVENUE:	3814	3711

Companies Office Fourth Quarter Revenue Comparison

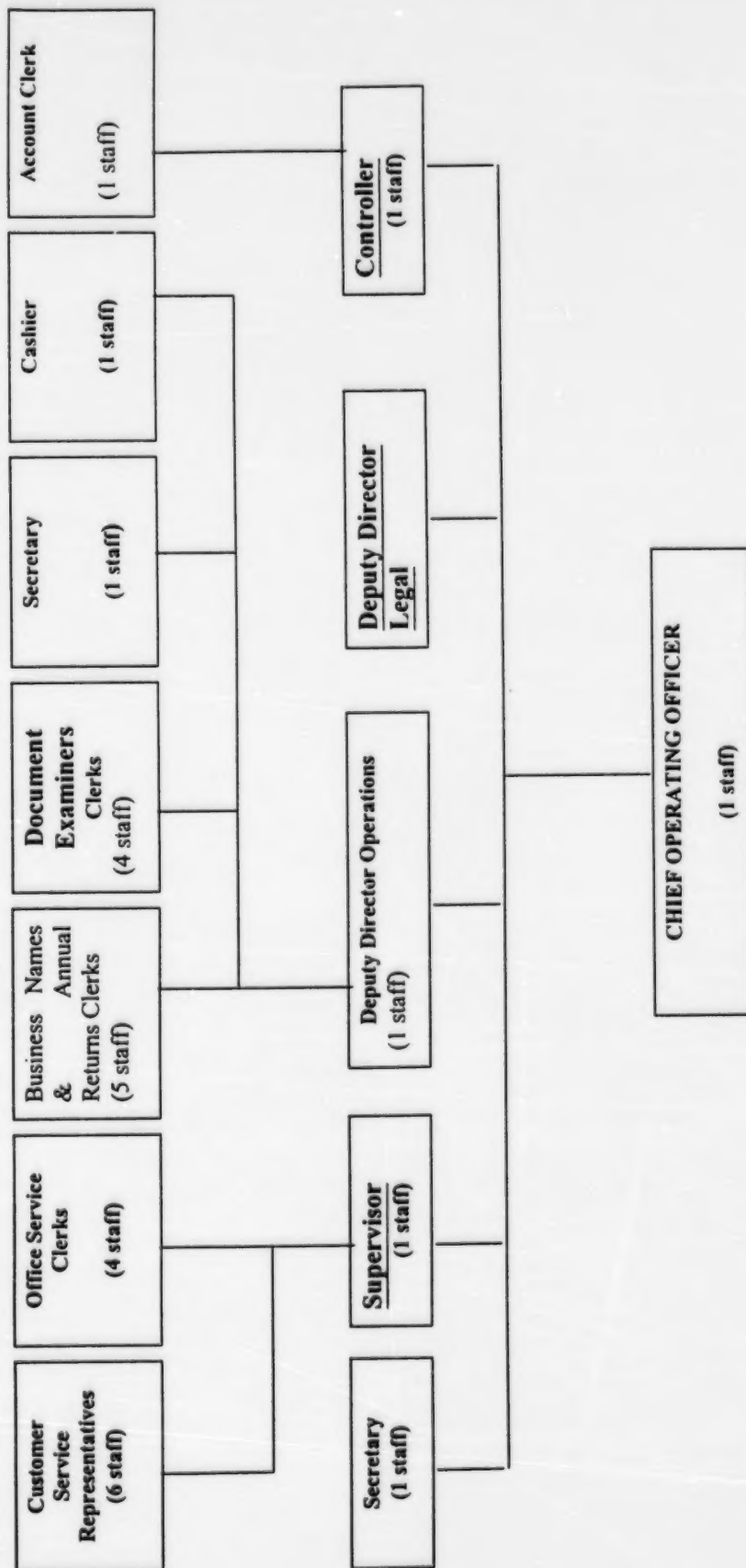


□ 1999/2000 Actual ■ 1998/1999 Actual

(\$,000's)

Revenue Summary By Service Area (\$000's)

	Annual		Name	Name	Name		
	Returns	Incorporations	Registrations	Reservations	Renewals	Other	Total
1999/2000	1,453	754	214	317	217	858	3,814
% of Total	38.1%	19.8%	5.6%	8.3%	5.7%	22.5%	100.0%
1998/1999	1,413	738	222	312	201	826	3,711
% of Total	38.1%	19.9%	6.0%	8.4%	5.4%	22.3%	100.0%
1997/1998	1,387	740	215	306	197	788	3,632
% of Total	38.2%	20.4%	5.9%	8.4%	5.4%	21.7%	100.0%

COMPANIES OFFICE
ORGANIZATION CHART
1999

**FEE COMPARISON
CORPORATIONS ACT FEES**

	MANITOBA	SASK.	ONTARIO	CANADA
Incorporation Share Capital	250.	260.	330.	500.
Incorporation Without Share Capital	70.	60.	155.	200.
Amalgamation	250.	260.	330.	200.
Continuance/Discontinuance	250.	260.	330.	200.
Amendment	135.	100.	150.	200.
Reorganization or Arrangement	250.	\$100.-\$250.	330.	200.
Restated Articles	135.	25.	150.	50.
Amendment Without Share Capital	35.	20.	130.	50.
Revival Share Capital	70.	250.	330.	200
Revival Without Share Capital	35.	60.	100.	
Dissolution	35.	Nil	25.	No Fee
Registration Share Capital	250.	260.	330.	
Registration Without Share Capital	70.	110.	315.	
Supplementary Registration	135.	100.	150./315.	50.
Statement/Revocation Intent to Dissolve	35.	No fee	Nil	Statement – No fee Revocation – 50.
Cancellation of Registration	35.			
Restoration of Registration Share Capital	70.	260.		
Restoration of Registration Without Share Capital	35.	60.		
Annual Return Share Capital	35.	50.	Nil	50.
Annual Return Without Share Capital	15.	10.	No Fee	30.
Annual Return Amendment	15.			
Request to Reserve Name	30.	50. or 60.	Private	Private/15. For non-share
Notation of Name	15.			
Order of Director	135.			

	MANITOBA	SASK.	ONTARIO	CANADA
Application for Exemption	135.			250.
Filing Power of Attorney	20.			
Certificate of Status	20.	15.	30.	10.
Certificate of Search	20.			
Personal File Search	2.	2.	14.	Nil
Mail Search	5.	5.	14.	Nil
Electronic Search	.20/screen	\$4./corp.		
Certified Copy Articles/Registration	20.	30.	40.	35.
Certified Copy Other Document	10.	30.	40.	35.
Photocopy Articles/Registration	10.	5.	14.	\$1./page
Photocopy Other Document	5.	5.	14.	\$1./page
Copy of Fiche With All Names on Database	35.			
Facsimile Transmission	5.	5.		
File Summary	5.	4.		
List of Changes to Manitoba Companies Office Records (per week)	10.			
Expedited Service	Double fee to maximum \$100.	25. - 100.	2. when available	

FEE COMPARISON
BUSINESS NAMES REGISTRATION ACT FEES

	MANITOBA	SASK.	ONTARIO	ALTA.
Registration	30.	60.	60.	30.
Limited Partnership	250.	250.	210.	150.
Dissolution	30.	10.	Nil	Nil
Change in Registrants	30.	20.		30.
Change in Capital	30.	100.		50.
Change in Name	30.	N/A		30.
Renewal	30.	50.	80.	N/A
Personal Search	2.	5.	14.	
Mail Search	5.	5.	14.	
Electronic Search	20 cents/screen	\$4.bus.		
Certified Copy of Any Document	10.	20.	40.	\$25. + \$1./pg.
Photocopy of Any Document	5.	5.	\$10. + 80 cents/pg.	
Certificate of Status	20.		26.	
Certificate of Search	20.	15.		
Request to Reserve One Name	15.	\$50. or \$60.	12.	Private
Filing Power of Attorney	20.			
Facsimile Transmission	5.	5.		
File Summary	5.	4.		
List of Changes to Manitoba Cos. Office Records (per week)	10.			
Expedited Service	Double Fee to Maximum \$100.	\$25. or \$100.	2. to 10.	